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December 22, 2017

VIA ELECTRONIC FILING

Jocelyn G. Boyd, Esquire
Chief Clerk & Administrator
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29210

RE: Daufuskie Island Utility Company, Inc. Rate Application
PSC Docket No. 2014-346-WS
Response to Commission Directive

Dear Ms. Boyd:

Pursuant to the Commission's December 20, 2017 Directive ("Directive"), DIUC submits the attached Schedules demonstrating the rate design ordered by the Directive and the resulting revenue.

The attached Schedule A-4 is the Combined Operating Statement. Schedule A-5 "Test Year Revenue - Existing Rates" demonstrates Total Operating Revenue of \$1,073,581 for the test year reflecting the adjustment by ORS witness Willie Morgan.

Schedule A-5 "Test Year Revenue - Proposed Rates" demonstrates the rates to be implemented pursuant to the Directive. These rates reflect the Commission's acceptance of ORS's positions, except for DIUC's requests for a 3-year amortization of rate case expense and to allow management fees of \$171,365. *See* Directive at ¶¶1 and 2. Applying the instructions of the Directive, the resulting fallout adjustments produce a revenue increase in the amount of \$955,136, which is very close to the Directive's reference to "approximately \$950,166 in additional revenues." *See* Schedule A-5 "Test Year Revenue - Proposed Rates" and Directive at ¶3.

Pursuant to the Directive's instructions regarding refunds, DIUC's January billing will include credits for the difference between the Directive's revenue increase of \$955,136, as shown in Schedule A-5 "Test Year Revenue - Proposed Rates") and the 108.9% increase from the Application which was implemented pursuant to SC Code § 58-5-240(D) and billed for the 5 quarters from July 1, 2016 and September 30, 2017. Pursuant to the Directive, credits will also include 12% annual interest for the period from July 1, 2016 to December 31, 2017.

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Further, pursuant to the Directive at ¶4, DIUC asks the parties to verify the rates set forth in the Schedules are consistent with the provisions of the Directive. In order for January's billings, the parties are requested to provide their confirmations via email to the undersigned **prior to Noon on December 29, 2017.**

If the Commission would like the Applicant to provide any additional information or if the parties have any questions, please contact me at 843-727-2249.

Sincerely,

/s/

Thomas P. Gressette, Jr.

Enclosures (as stated)

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